IMPORTANT DEPENDENT CARE ASSISTANCE PLAN INFORMATION

Fringe Benefits Management Company, a Division of WageWorks, the State of Illinois Flexible Spending Accounts (FSA) Contract Administrator, has received and processed an Enrollment Form for your participation in your employer's Dependent Care Assistance Plan (DCAP). Along with your employer, we have developed these instructions to assist you in complying with this agreement by explaining how and when to request reimbursement. When you enrolled in your employer's Dependent Care Assistance Plan, you agreed to the following:

- I will only use my FSA to pay for IRS-qualified expenses, permitted under my employer's plan, incurred by me, my spouse and my IRS-eligible dependents
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s), before seeking reimbursement from my FSA
- I will not seek reimbursement through any additional source and
- I will collect and maintain sufficient documentation to validate the foregoing.

WHAT EXPENSES ARE ELIGIBLE?

- Only dependent care expenses provided to your qualifying individual during your period of coverage within a plan year are reimbursable. You cannot be reimbursed for any expense before your qualifying individual is provided with the dependent care, even though you may have been billed for or paid for the dependent care.
- You can request reimbursement for eligible DCAP expenses as often as you like. However, your approved expenses will not be reimbursed until the last date of service for which you are requesting reimbursement has passed and funds are available in your account.
- Dependent care cannot be provided by you, your spouse, your child under age 19 or by a person for whom you are entitled to a personal tax exemption. Although dependent care payments to non-dependent relatives are acceptable in certain circumstances, they may be more closely scrutinized by the IRS.
- If you refer to IRS Publication 503 to help you decide what dependent care expenses are eligible for DCAP reimbursement, remember that this publication is intended to help taxpayers decide what paid expenses are deductible for income tax purposes. Under a DCAP, the IRS requires that an eligible expense may be reimbursed only in the plan year in which the dependent care is incurred, regardless of when a taxpayer is formally billed, charged for or pays for the dependent care. "Incurred" means that employment-related dependent care has been provided to your qualifying individual(s) during your period of coverage within the applicable plan year.

EXPENSE MUST BE EMPLOYMENT-RELATED

The purpose of a dependent care expense must be to enable you to be gainfully employed. If you are married, your spouse must be:

- gainfully employed (as defined by the IRS*)
- in search of gainful employment
- a full-time student (as defined by the IRS*) or
- mentally or physically incapable of self-care (as defined by the IRS*).

Note: Benefits paid under the DCAP may be taxable if they exceed earned income limitations.

* IRS definitions are subject to change at any time during the taxable year. For additional questions or the most-current IRS definitions, consult your tax adviser.

CHANGING DEPENDENT CARE PROVIDERS

After a plan year commences, if you change dependent care providers, you may make a corresponding change to your DCAP election. Refer to your ***Flexible Spending Accounts Booklet*** for information on changes in coverage or mid-year election change request limits.

WHOSE EXPENSES ARE ELIGIBLE FOR REIMBURSEMENT?

For specific information about a qualifying individual, please refer to your ***Flexible Spending Accounts Booklet***.

DEPENDENT CEASES TO BE A QUALIFYING INDIVIDUAL

After a plan year commences, if you have a qualifying individual whose dependent care expenses cease to be eligible under your employer's DCAP, you may reduce or drop your DCAP election to correspond with the event. Refer to your employer's current ***Flexible Spending Accounts Booklet*** for information on changes in coverage or mid-year election change request limits.

ELIGIBLE EXPENSES

The eligibility of dependent care expenses under a DCAP is subject to IRS and regulatory change at any time. If properly documented, some eligible DCAP expenses include:

- After-school care or extended day programs (supervised activities for children after the regular school program)
- Au pair services
- Baby-sitting fees (inside or outside your household)
- Camp, primarily for custodial care (local, summer/day/sports)
- Day care facility fees
- Disabled spouse care (or tax dependent age 13 and over) who spends at least 8 hours per day in your household
- Elder care (if primarily custodial) for your elderly tax dependent who spends at least 8 hours per day in your household
- Nursery school and
- Pre-kindergarten.

INELIGIBLE EXPENSES

Where reimbursement of ineligible DCAP expenses has been made, the corrective procedures approved by the IRS and permitted under your employer's DCAP will be followed. Some ineligible DCAP expenses include:

- Activity fees
- Books and supplies
- Camp (overnight)*
- Care provided by you, your spouse or a tax dependent of either you or your spouse
- Child support payments
- Child care if you are the non-custodial parent
- Diaper services
- Disabled spouse care (or tax dependent age 13 and over) who lives outside your household
- Educational costs (kindergarten and above)
- Food
- Health care costs
- Nursing home fees
- Overnight care* and
- Volunteer work.

* *Overnight care may be reimbursable if you can document that the overnight care is employment-related and meets the other DCAP requirements. For questions or more specifics, consult your tax adviser.*

CAMP (OVERNIGHT)

In general, the amount paid for dependent care services provided outside your household, such as at a camp where the qualifying individual stays overnight, is not considered an employment-related expense. For example, if your child attends summer camp for two weeks, sponsored by his or her regular day care provider, no amount is reimbursable for that two-week period, even if the charge for the regular weekly day care expense is separately itemized from the charge for the overnight expense.

Note: If you submit a request to reimburse the cost of overnight and daytime care, each sponsored by a different dependent care provider, then only the daytime care will be approved for reimbursement, unless you are able to document that the overnight care is employment-related.

CAMP (THEME)

The cost of a daytime "theme" camp (a camp that specializes in a particular activity such as soccer or computers), may qualify as a dependent care expense if your main purpose in sending your dependent is to assure the dependent's well-being and protection.

GENERAL INFORMATION FOR A DCAP

- Retain this FSA Information and your employer's current ***Flexible Spending Accounts Booklet*** for future reference.
- After your current plan year ends, you will have a run-out period within which to submit eligible FSA expenses incurred during your period of coverage. (Information about your run-out period can be found in your employer's current ***Flexible Spending Accounts Booklet***.)
- If you do not submit FSA reimbursement requests during your plan year and any run-out period, IRS regulations provide that any unused funds remaining in your FSA after a plan year ends (and all reimbursable FSA requests have been submitted and processed) cannot be returned to you nor carried forward to the next plan year, but will be forfeited.
- **Period Of Coverage** – Unless otherwise provided by law, your period of coverage begins the date you are eligible to enroll in the DCAP program, and continues until the date you lose DCAP eligibility, terminate employment or the plan year ends, whichever occurs first. Usually, a period of coverage is your employer's full plan year, unless you make a permitted mid-plan year election change. Refer to your employer's current ***Flexible Spending Accounts Booklet*** for specific information on changes in coverage, mid-year election change request limits or termination of employment or leave.

How to Request Reimbursements

HOW DO I REQUEST REIMBURSEMENT FOR AN ELIGIBLE MCAP EXPENSE?

Simply fax or mail a correctly completed FSA Reimbursement Request Form along with the following:

- a statement, invoice or bill from your health care provider listing the date you received the service, the cost of the service, the specific type of service and the person for whom the service was provided and
- an Explanation of Benefits (EOB)* from your health insurance provider that shows the specific type of service you received, the date and cost of the service and any uninsured portion of the cost or
- a written statement from your health care provider indicating the service was medically necessary if those services could be deemed cosmetic in nature, accompanied by the statement, invoice or bill for the service.

**** EOBs are not required if your coverage is through a HMO.***

Mail to: Contract Administrator
Fringe Benefits Management Company,
a Division of WageWorks
P.O. Box 1810
Tallahassee, FL 32302-1810
Fax to: 866-440-7152 (Toll-Free)

HOW DO I REQUEST REIMBURSEMENT FOR AN ELIGIBLE DCAP EXPENSE?

Simply fax or mail a correctly completed FSA Reimbursement Request Form along with documentation showing the following:

- the name, age and grade of the dependent receiving the service
- the cost of the service
- the name and address of the provider and
- the beginning and ending dates of the service.

Be certain you obtain and submit the above information when requesting reimbursement from your DCAP. This information is required with each request for reimbursement.

Note: If you have elected to participate in the DCAP, or if you file for the Dependent Care Tax Credit, you must attach IRS Form 2441, reflecting the information above, to your 1040 income tax return. Failure to do this may result in the IRS denying your pre-tax exclusion.

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Fringe Benefits Management Company,
a Division of WageWorks
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Tallahassee, FL 32302-1810
Fax to: 866-440-7152 (Toll-Free)

ACCESSING ACCOUNT INFORMATION

To access your FSA information, obtain forms or get more information, contact us at:

CUSTOMER CARE CENTER
800-342-8017

INTERACTIVE BENEFITS INFORMATION LINE
800-865-3262 **(24 Hours)**

WEBSITE
www.myFBMC.com

FSA FAX
866-440-7152 (Toll-Free)

MAIL TO:
Fringe Benefits Management Company,
a Division of WageWorks
Post Office Box 1810, Tallahassee, FL 32302-1810

IF YOU FAX YOUR REQUEST,
KEEP A COPY FOR YOUR RECORDS.

We will not discuss your account information with others without written authorization from you.

Contract Administrator

Fringe Benefits Management Company
A Division of WageWorks

Customer Service 1-800-342-8017 • 1-800-955-8771 (TDD)
www.myFBMC.com

FB-WW/INFO_ILL/0111

FLEXIBLE SPENDING ACCOUNT INFORMATION

IMPORTANT MEDICAL CARE ASSISTANCE PLAN INFORMATION

Fringe Benefits Management Company, a Division of WageWorks, your employer's Flexible Spending Accounts (FSA) Contract Administrator, has received and processed an Enrollment Form for your participation in your employer's Medical Care Assistance Plan (MCAP). Along with your employer, we have developed these instructions to assist you in complying with this agreement by explaining how and when to request reimbursement. When you enrolled in your employer's MCAP plan, you agreed to the following:

- I will only use my FSA to pay for IRS-qualified expenses, permitted under my employer's plan, incurred by me, my spouse and my IRS-eligible dependents
- I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s), before seeking reimbursement from my FSA
- I will not transfer money between a MCAP and a DCAP, or pay a dependent care expense from my MCAP, or vice versa.
- I will not seek reimbursement through any additional source for my reimbursed MCAP expenses or DCAP expenses and
- I will collect and maintain sufficient documentation to validate the foregoing.

WHAT EXPENSES ARE ELIGIBLE?

Eligible expenses include amounts for the diagnosis, cure, mitigation, treatment or prevention of disease or for the purpose of affecting any structure or function of the body, and are confined strictly to those incurred primarily for the prevention or alleviation of a physical or mental defect or illness. Please refer to your employer's current ***Flexible Spending Accounts Booklet*** for additional information on expenses eligible through your employer's plan.

A medically-necessary expense meeting the definition of "medical care" under IRC § 213 for income tax purposes must further meet the medical expense eligibility requirements under your employer's plan and specific IRS rules and guidelines that further regulate MCAP plans. Do not rely upon IRS Publication §502 to help you decide what medical expenses are eligible for MCAP reimbursement. IRS Publication §502 is intended to help you decide what paid expenses are deductible for income tax purposes. Unlike medical expenses claimed for federal income tax purposes in the tax year in which they are paid, the IRS requires that an eligible MCAP expense may only be reimbursed in the plan year in which the medical care incurred. This is regardless of when you are formally billed, charged or for the medical care. A MCAP eligible expense is "incurred" when the medical care is provided or received by an eligible individual during your period of coverage within the applicable plan year.

- The IRS uniform coverage rule requires that the maximum amount of reimbursement – minus any prior reimbursements in the same period of coverage – under a MCAP must be available at all times during a period of coverage. **This rules does not apply to a DCAP.**
- If your medical needs change, or if the IRS makes any regulatory changes during a plan year, no reimbursement or refund of MCAP funds is available for planned or anticipated medical services/surgeries that do not occur.
- Expenses for mail-order prescribed drugs that are eligible under IRC § 213 and your employer's MCAP are reimbursable. The date that a mail-order prescription is filled over the Internet is usually the date it is shipped.

Note: Medicines and drugs that are obtained in violation of federal law are not reimbursable. If the cost of the drug was not paid in U.S. currency, then the cost must be converted to the applicable U.S. dollar amount using the currency exchange rate as of the date the service was provided.

WHOSE EXPENSES ARE ELIGIBLE FOR REIMBURSEMENT?

For specific information about a qualifying individual, please refer to your ***Flexible Spending Accounts Booklet.***

DEPENDENT CEASES TO BE A QUALIFYING INDIVIDUAL

After a plan year commences, if you have a qualifying individual whose medical expenses cease to be eligible under your employer's MCAP, you may reduce or drop your MCAP election to correspond with the event. Refer to your employer's current ***Flexible Spending Accounts Booklet*** for information on changes in coverage or mid-year election change request limits.

PARTIAL LIST OF ELIGIBLE EXPENSES*

IRS-qualified expenses are subject to federal regulatory change at any time during a tax year. Certain other documentation requirements and restrictions may apply. If properly documented, some eligible MCAP expenses include:

Abortion
Acupuncture[1]
Alcoholism treatment
Ambulance service
Artificial teeth and limbs[1]
Birth control pills and devices
Blood pressure cuff[1]
Braille books and magazines
Capital expenses[1]
Chiropractic care[1]
Christian Science practitioner
Contact lenses (corrective)[2]
Co-payments (medical)
Crutches
Deductibles (medical)
Dental fees
Diagnostic tests/health screenings
Doctor fees[1]
Drug addiction treatment center
Experimental medical treatment[1]
Eyeglasses[2]
Guide dogs
Hearing aid/exam/treatment
Hospital services[1]
Inpatient therapy for mental disorders
Injections[1]
In vitro fertilization[4]
Laboratory fees
Massage therapy[1]
Over-the-Counter items, medicines and drugs
Prescriptions medicines and drugs[1]
Nursing devices[1]
Optometrist fees
Organ transplants
Orthopedic care
Orthodontic treatment
Oxygen
Psychoanalysis
Psychotherapy
Periodontal fees
Smoking cessation programs/ treatments
Radial Keratotomy[1]
Surgery[1]
Telephone for the deaf
Transportation for medical care[1,5]
Vaccinations
Vitamins/natural supplements[1]
Weight-loss programs[1]
Wheelchair and
Xrays.

1 Some treatments or services may require one or more of the following: a Letter of Medical Need, a Personal Use Statement, and/or a Capital Expenditure Worksheet as further described on this sheet.
2 Expenses are reimbursable based on the date available to be picked up, not the date ordered.
3 Not all drugs are IRS-eligible for MCAP reimbursement.
4 Storage fees for fertility enhancement to overcome an inability to have children are reimbursable only in the plan year in which first incurred.
5 The standard mileage rate reimbursable for use of an automobile to obtain medical care is subject to IRS change each tax year. Refer also to the information contained in your ***Flexible Spending Accounts Booklet***.

* See the ***ADDITIONAL DOCUMENTATION*** section in this brochure.
For more information on eligible expenses, review IRS Publication 502.

PARTIAL LIST OF INELIGIBLE EXPENSES

Where reimbursement of ineligible MCAP expenses has been made, the corrective procedures approved by the IRS and permitted under your employer's MCAP will be followed. Some ineligible MCAP expenses include:

- cosmetic surgery not deemed medically necessary to alleviate, mitigate or prevent a medical condition
- funeral and burial expenses
- health insurance premiums for any other plan (including employer-sponsored plans)
- insurance premiums
- health or fitness club membership fees
- long-term care services
- maternity clothes and
- vision warranties and service contracts.

OVER-THE-COUNTER EXPENSES

Your Over-the-Counter (OTC) items, medicines and drugs are reimbursable through your MCAP. Refer to the OTC section of your ***Flexible Spending Accounts Booklet*** for more information.

Note: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement.

ORTHODONTIA

For medically-necessary orthodontic care that extends beyond one or more plan years, once the initial service (e.g., banding) has been incurred, eligible MCAP expenses may be reimbursed in the following amounts:

- the initial down payment, with the remaining balance spread out under a payment plan
- the full contract amount spread out under a payment plan (copy of the patient's contract is required with the dentist/orthodontist performing treatment)
- the full contract amount paid monthly by coupon submitted each applicable month, or
- the full payment amount paid entirely up front.

GENERAL INFORMATION FOR A MCAP

- Retain this FSA Information and your employer's current ***Flexible Spending Accounts Booklet*** for future reference.
- After your current plan year ends, you will have a run-out period within which to submit eligible FSA expenses incurred during your period of coverage. (Information about your run-out period can be found in your employer's current ***Flexible Spending Accounts Booklet*** .)
- If you do not submit FSA reimbursement requests during your plan year and any run-out period, IRS regulations provide that any unused funds remaining in your FSA after a plan year ends (and all reimbursable FSA requests have been submitted and processed) cannot be returned to you nor carried forward to the next plan year, but will be forfeited.
- **Period Of Coverage** – Unless otherwise provided by law, your period of coverage begins the date you are eligible to enroll in your employer's FSA plan, and continues until the date you lose FSA plan eligibility, terminate employment or the plan year ends, whichever occurs first. Usually, a period of coverage is your employer's full plan year, unless you make a permitted mid-plan year election change. Refer to your employer's current ***Flexible Spending Accounts Booklet*** for specific information on changes in coverage, mid-year election change request limits or termination of employment or leave.

Documentation For MCAP Reimbursements

ADDITIONAL DOCUMENTATION

Only the cost of medical care and services permitted under both IRS Code § 213 and your employer's MCAP are reimbursable. If these expenses include those services, procedures, medicines or items that can be provided for both a medical purpose and a cosmetic, personal, living and/or family purpose, as well as those involving some capital expenditures, additional substantiation must be submitted with your claim, such as a Letter of Medical Need, Personal Use Statement or Capital Expenditure Worksheet.

WHEN DO I NEED TO SUBMIT A LETTER OF MEDICAL NEED?

A Letter of Medical Need must be submitted with your FSA Reimbursement Request if the expense:

- can be provided for both a medical purpose and a cosmetic, personal, living and/or family purpose and/or
- is a capital expenditure, as defined below.

For recurring expenses that continue for more than one plan year you must submit a new Letter of Medical Need at the start of each plan year you intend to request reimbursement for the expenses.

WHEN DO I NEED TO SUBMIT A PERSONAL USE STATEMENT?

You must complete and submit a Personal Use Statement with your FSA Reimbursement Request and Letter of Medical Need if you are requesting reimbursement for a medically-necessary, special version of an item that is ordinarily used for cosmetic, personal, living and/or family purposes. Only the additional amount of expense over the cost of the item in its normal form is eligible for reimbursement.

WHAT IS A CAPITAL EXPENDITURE?

A capital expenditure is an item that has a useful life that extends beyond the end of the taxable year, such as an elevator, bathtub railings, etc. A capital expenditure may be reimbursed if its primary purpose is:

- to provide medical care for you as a participant, your spouse or tax dependent for an existing medical condition and
- properly documented as medically-necessary by showing that it would not be medically necessary "but for" an existing medical condition.

A separate Capital Expenditure Worksheet is required when you submit a request for reimbursement of a capital expenditure. Refer also to the information in your employer's current ***Flexible Spending Accounts Booklet*** and on your FSA Reimbursement Request Form. For more assistance, or to obtain a Letter of Medical Need and other forms, visit our website at **www.myFBMC.com** or contact the Customer Care Center at 1-800-342-8017, Monday – Friday 7 a.m. –10 p.m. ET.

Note: If reimbursement of ineligible MCAP expenses has been made, the corrective procedures approved by the IRS and permitted under your employer's MCAP will be followed.

WHEN DO I NEED TO SUBMIT A CAPITAL EXPENDITURE WORKSHEET?

If you are requesting reimbursement for the cost of a capital expenditure, you must submit a properly completed Capital Expenditure Worksheet with your FSA Reimbursement Request and Letter of Medical Need.

Though some capital expenditures may be deductible for federal income tax purposes, they may not qualify as medical care under your employer's MCAP and IRS regulations unless their medical purpose is properly documented. Proper substantiation includes submitting a properly completed:

- Letter of Medical Need
- Capital Expenditure Worksheet and
- independent third-party appraisal, if the capital expenditure is permanently attached to property.

See the ***WHEN DO I NEED TO SUBMIT AN INDEPENDENT THIRD-PARTY APPRAISAL?*** section of this brochure for additional information.

Examples of a capital expenditure include:

1) those not related to the permanent improvement or betterment of property (wheelchair, wheelchair ramp)
2) those that involve the permanent improvement or betterment of property (central air conditioning, elevator) and
3) expenditures made for the operation or maintenance of a capital expenditure (repairing a wheelchair, elevator inspection).

The general rules for the reimbursement of a medically-necessary capital expenditure, and the amount of the expense that may be eligible for reimbursement, are subject to the following conditions.

- Only the cost increase over the cost of the item in its normal form is eligible for reimbursement if the expenditure is a special version of an otherwise personal item.
- Only the cost exceeding the increase in the property value is eligible for reimbursement if the expenditure is an item permanently attached to property.
- The entire eligible amount is reimbursable only if the patient is the sole user of the item.
- Only a pro-rated amount of the cost is eligible for reimbursement if the item is used by the patient as well as others, whether permanently attached to property or not.

WHEN DO I NEED TO SUBMIT AN INDEPENDENT THIRD-PARTY APPRAISAL?

If you are requesting reimbursement for a capital expenditure that is permanently attached to property, you must submit an independent third-party appraisal along with your FSA Reimbursement Request, Letter of Medical Need and Capital Expenditure Worksheet.

This appraisal must be prepared by a party or an entity professionally qualified to render such a determination on the increase in value (if any) to the property that the capital expenditure is attached. If the appraisal shows that attaching the capital expenditure to the property does not increase the value of the property, then the entire cost of the capital expenditure may be reimbursable. If the appraisal shows an increase to the property's value, then only the amount that exceeds the increased property value is eligible for reimbursement, subject to the Personal Use Statement calculation as described above.

Visit our website at www.myFBMC.com, contact the Customer Care Center at 1-800-342-8017 for more information or to obtain letters and forms.

Avoid delays with your MCAP and DCAP Reimbursements

- All FSA Reimbursement Request Forms will be returned unprocessed if the instructions on the form and in your employer's current ***Flexible Spending Accounts Booklet*** are not followed. Carefully read over your FSA Reimbursement Request Form to ensure that you have signed, dated and completed it, and attached all required supporting documentation. If applicable, make sure you also have your dependent care provider's signature.

- The IRS requires that the complete name of all medicines and drugs be obtained and documented on pharmacy receipts.

- To request the reimbursement of medically-necessary transportation costs from your MCAP, you must attach the receipts for both the transportation costs and the medical care associated with the transportation to your FSA Reimbursement Request Form.

- The IRS does not allow a MCAP or a DCAP plan to accept cancelled checks or credit card receipts (or copies) to show the costs of eligible medical or dependent care. See the ***HOW TO REQUEST REIMBURSEMENTS?*** section of this brochure.

- We are unable to issue payment on approved DCAP reimbursement requests until after the last date of service for which you are requesting reimbursement.

- The amount of reimbursement requested on your FSA Reimbursement Request Form, added to the dependent care expenses reimbursed to date from any other source or plan, cannot exceed the statutory limits based upon your tax filing status, including separate DCAP plans in which you and your spouse may be participating.

- For timely processing of your DCAP reimbursement request, your payroll contributions must be current.

- If dates of provided dependent care services begin in one plan year and end in the next plan year, and you are enrolled in your employer's DCAP plan during both plan years, a separate FSA Reimbursement Request Form is required for each plan year in which the dependent care services were provided.